



BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Benton Township	County Cheboygan
Audit Date March 31, 2005	Opinion Date July 11, 2005	Date Accountant Report Submitted to State: July 29, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	x		
Reports on individual federal financial assistance programs (program audits).			x
Single Audit Reports (ASLGU).			x

Certified Public Accountant (Firm Name) Daniel R. Nieland, C.P.A.			
Street Address 201 S. Main Street	City Cheboygan	State MI	ZIP 49721
Accountant Signature Daniel R. Nieland CPA		Date 7-29-05	

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DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
AND
MICHIGAN ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

Supervisor and Members of
The Township Board of Trustees
Benton Township
Cheboygan, Michigan 49721

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of Benton Township, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of government activities, each major funds and the aggregate remaining fund information of Benton Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the footnotes, Benton Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, as amended and interpreted as of March 31, 2005.

In accordance with Government Auditing Standards, I have also issued my report dated July 11, 2005, on my consideration of Benton Township's internal control over financial reporting and my tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing; and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis, and budgetary comparison information on pages 3 through 5 and 22 through 26 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Benton Township's basic financial statements. The schedules listed as other supplemental information in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of Benton Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on my audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


CERTIFIED PUBLIC ACCOUNTANT

July 11, 2005
Cheboygan, Michigan 49721

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING MARCH 31, 2005

The Management's discussion and analysis for Benton Township covers the Township's financial performance during the year ended March 31, 2005.

Financial Highlights

Our financial status remained stable over the last year. Net assets increased from \$1,617,667 to \$1,688,117 for an increase of \$70,450.

Overall revenue was \$499,196. Taxable value increased by approximately \$8,107,214. We incurred no new debt.

Overview of financial statements

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Entity-Wide Financial Statements

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING MARCH 31, 2005

Entity-Wide Financial Statements (continued)

All activities of the Township are reported as governmental activities, and there are no business type activities. Governmental activities include the General Fund, Fire Fund, Road Fund, Revolving and Development Fund, and Liquor Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds, focusing on significant funds and not the Township as a whole. In the section for other supplemental information, the General Fund revenue and expenditures are shown on the line item basis. Funds are used to account for specific activities or funding sources. Some funds are required by law. The Township Board may also create them. Funds are established to account for funding and spending financial resources and to show proper expenditures of those resources.

The Township has the following funds:

Governmental Funds: All of the Township's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental funds include the General Fund, Fire Fund, Road Fund, Liquor Fund and the Revolving and Improvement Fund.

Financial Analysis of the Township as a Whole

Our cash position in all governmental activities remains strong. Year-end cash position of all funds is as follows:

General Fund	\$700,347
Fire Fund	425,690
Road Fund	85,139
Revolving and Improvement Fund	82,002
Liquor Fund	<u>6,195</u>
Total Government Fund Cash	<u>\$1,299,373</u>

Financial Analysis of the Township's Funds

Individual fund balances remain solid, as indicated by year-end balance and net change reflected below:

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDING MARCH 31, 2005

Financial Analysis of the Township's Funds (continued)

	Balance March 31, 2004	Balance March 31, 2005	Increase (Decrease)
General Fund	\$ 719,524	\$ 707,926	\$(11,598)
Fire Fund	333,018	425,690	92,672
Road Fund	78,251	87,008	8,757
Revolving and Improvement Fund	61,388	82,002	20,614
Liquor Fund	7,198	6,195	(1,003)
Totals	<u>\$1,199,379</u>	<u>\$1,308,821</u>	<u>\$109,442</u>

Capital Assets and Long-Term Debt Activity

The Township's total capital outlay in governmental funds was \$13,984. There was no long-term debt activity either new borrowing or principal repayment.

Factors Affecting Future Operations

We anticipate steady growth of tax revenue. Our cash balance is for the possible improvements to existing Township facilities; including the Township Park and Community Center, and Fire Hall. Road Funds are for future road projects and at this time are unidentified. We continue to operate under the assumption that long-range State funding is uncertain. We, therefore, believe that a healthy fund balance is essential to the Township's financial health.

Contacting the Township's Management

This financial report is designed to provide our citizens, taxpayers, and other interested parties with a general overview of Benton Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Benton Township at 5012 Orchard Beach Road, Cheboygan, Michigan 49721.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

STATEMENT OF NET ASSETS

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Primary Government Government Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash Checking	\$ 16,995
Cash Savings	1,035,378
Cash Certificates	247,000
Taxes Receivable	9,753
Accounts Receivable	<u>1,869</u>
Total Current Assets	1,310,995
NON-CURRENT ASSETS:	
CAPITAL ASSETS:	
Land	20,000
Buildings	247,108
Equipment	550,033
Accumulated Depreciation	<u>(437,845)</u>
Total Non-Current Assets	379,296
Total Assets	<u>1,690,291</u>
LIABILITIES:	
Accounts Payable	1,049
Due To County	105
Rent Deposit	<u>1,020</u>
Total Liabilities	<u>2,174</u>
NET ASSETS:	
Invested in Capital Asset, Net of Related Debt	379,296
Unrestricted	<u>1,308,821</u>
TOTAL NET ASSETS	<u>\$1,688,117</u>

The accompanying notes are an integral
part of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

					Net (Expense) Revenue and Changes in Net Assets
					<u>Primary Government</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES:					
Legislative	\$ 12,863	\$ -0-	\$ -0-	\$ -0-	\$ (12,863)
Elections	4,303	-0-	-0-	-0-	(4,303)
General Services and Administration	126,043	-0-	-0-	-0-	(126,043)
Public Safety	108,262	-0-	-0-	-0-	(108,262)
Public Works	115,831	43,998	-0-	-0-	(71,833)
Sanitation	15,607	11,895	-0-	-0-	(3,712)
Parks and Recreation	24,992	-0-	-0-	-0-	(24,992)
Other	20,845	-0-	-0-	-0-	(20,845)
TOTAL GOVERNMENT ACTIVITIES	<u>428,746</u>	<u>55,893</u>	<u>-0-</u>	<u>-0-</u>	<u>(372,853)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$428,746</u>	<u>\$ 55,893</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (372,853)</u>
General Revenues:					
Taxes					\$ 211,752
State Shared Revenues					209,482
Interest and Rentals					13,154
Miscellaneous					8,915
Transfers					<u>-0-</u>
TOTAL GENERAL REVENUES AND TRANSFERS					443,303
CHANGE IN NET ASSETS					70,450
NET ASSETS BEGINNING					<u>1,617,667</u>
NET ASSETS ENDING					<u>\$1,688,117</u>

The accompanying notes are an integral part
of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

BALANCE SHEET

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	General Fund	Fire Fund	Road Fund	Revolving and Improvement Fund	Liquor Fund	Total Government Funds
ASSETS:						
Cash Checking	\$ 8,760	\$ 676	\$ 7,076	\$ -0-	\$ 483	\$ 16,995
Cash Savings	461,587	425,014	61,063	82,002	5,712	1,035,378
Cash Certificates of Dep.	230,000	-0-	17,000	-0-	-0-	247,000
Taxes Receivable	9,753	-0-	-0-	-0-	-0-	9,753
Accounts Receivable	-0-	-0-	1,869	-0-	-0-	1,869
TOTAL ASSETS	<u>\$710,100</u>	<u>\$425,690</u>	<u>\$ 87,008</u>	<u>\$ 82,002</u>	<u>\$6,195</u>	<u>\$1,310,995</u>
LIABILITIES AND FUND BALANCE:						
LIABILITIES:						
Accounts Payable	\$ 1,049	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,049
Due To County	105	-0-	-0-	-0-	-0-	105
Rent Deposit	1,020	-0-	-0-	-0-	-0-	1,020
Total Liabilities	<u>2,174</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,174</u>
FUND BALANCE:						
General Fund	707,926	-0-	-0-	-0-	-0-	707,926
Fire Fund	-0-	425,690	-0-	-0-	-0-	425,690
Road Fund	-0-	-0-	87,008	-0-	-0-	87,008
Revolving & Improvement Fund	-0-	-0-	-0-	82,002	-0-	82,002
Liquor Fund	-0-	-0-	-0-	-0-	6,195	6,195
Total Fund Balance	<u>707,926</u>	<u>425,690</u>	<u>87,008</u>	<u>82,002</u>	<u>6,195</u>	<u>1,308,821</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$710,100</u>	<u>\$425,690</u>	<u>\$ 87,008</u>	<u>\$ 82,002</u>	<u>\$6,195</u>	<u>\$1,310,995</u>

The accompanying notes are an integral part
of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$1,308,821

Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are
not financial resources and therefore are not reported
in the funds

379,296

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$1,688,117

The accompanying notes are an integral part
of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED MARCH 31, 2005

	General Fund	Fire Fund	Road Fund	Revolving and Improvement Funds	Liquor Fund	Total Government Funds
REVENUE:						
Taxes	\$132,659	\$ 79,093	\$ -0-	\$ -0-	\$ -0-	\$ 211,752
State Shared Revenue	203,871	-0-	4,162	-0-	1,449	209,482
Charges for Services	11,895	-0-	43,998	-0-	-0-	55,893
Interest & Rentals	8,778	3,107	589	614	66	13,154
Miscellaneous	<u>3,915</u>	<u>5,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>8,915</u>
Total Revenue	361,118	87,200	48,749	614	1,515	499,196
EXPENDITURES:						
Legislative	12,863	-0-	-0-	-0-	-0-	12,863
Elections	4,303	-0-	-0-	-0-	-0-	4,303
General Services and Administration	120,907	-0-	-0-	-0-	-0-	120,907
Public Safety	755	76,576	-0-	-0-	-0-	79,849
Public Works	839	-0-	114,992	-0-	2,518	115,831
Sanitation	15,607	-0-	-0-	-0-	-0-	15,607
Parks and Recreation	19,549	-0-	-0-	-0-	-0-	19,549
Other	<u>20,845</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>20,845</u>
Total Expenditures	195,668	76,576	114,992	-0-	2,518	389,754
OTHER FINANCING SOURCES:						
Transfers In	-0-	82,048	75,000	20,000	-0-	177,048
Transfers Out	<u>(177,048)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(177,048)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(11,598)	92,672	8,757	20,614	(1,003)	109,442
FUND BALANCE BEGINNING	<u>719,524</u>	<u>333,018</u>	<u>78,251</u>	<u>61,388</u>	<u>7,198</u>	<u>1,199,379</u>
FUND BALANCE ENDING	<u>\$707,926</u>	<u>\$425,690</u>	<u>\$ 87,008</u>	<u>\$ 82,002</u>	<u>\$6,195</u>	<u>\$1,308,821</u>

The accompanying notes are an integral part
of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$109,442

Amounts reported for governmental activities
in the statement of activities are different
because:

Governmental funds report capital outlays as
expenditures. However, in the statement of
activities, the cost of those assets is
allocated over their estimated useful lives
as depreciation expense. This is the
amount by which capital outlays exceeded
depreciation in the current period.

Depreciation Expense	<u>\$ 38,992</u>	<u>38,992</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 70,450</u></u>
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The accompanying notes are an integral part
of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDING MARCH 31, 2005

	<u>Current Tax Collection Fund</u>
ASSETS:	
Cash	<u>\$ 16,155</u>
TOTAL ASSETS	<u>\$ 16,155</u>
LIABILITIES:	
Due Other Funds	<u>\$ 16,155</u>
TOTAL LIABILITIES	<u>\$ 16,155</u>

The accompanying notes are an integral part
of these financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Benton, in Cheboygan, Michigan, have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

Benton Township is an unincorporated Township, which operates under a Supervisor - Board form of government. The Township provides the following services: public safety, highways and streets, sanitation, public improvements and general administrative services.

The Township has considered all potential component units in valuating how to define the Township for financial reporting purposes. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement 14 of the Government Accounting Standards Board (GASB), The Financial Reporting Entity. The basic criteria includes the appointment of a voting majority of the governing board of the unit; legal separation of the Township and the component unit, fiscal independence of the unit, whether exclusion of the unit would make the Township's financial statements misleading, and whether there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

The financial reporting entity of Benton Township includes all funds and accounts of the Township.

Discretely presented component unit:

The Alverno Fire Department is operated as a joint venture with Benton, Aloha, and Grant Townships, in Cheboygan County, Michigan. Under an agreement entered into June 4, 1963, and amended April 27, 1982, Aloha and Grant Townships provide 1 operating mill each and Benton matches the total. Benton Township therefore has a 50% equity claim to Fire Board property and equipment upon liquidation. The organizational agreement provides for a joint exercise of power and the establishment of a separate administration. The Fire Board consists of the supervisors of each Township.

The Alverno Fire Department is shown under Governmental Funds - Fire Fund.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(2) BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE FINANCIAL STATEMENTS

Benton Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. Benton Township does not have any activity that is classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of Benton Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The State of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

The government-wide focus is more on the sustainability of Benton Township as an entity and the change in net assets resulting from the current year's activities. The effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following fund types are used by the Township:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Township:

- General Fund - General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.
- Fire Fund - The Fire Fund is used to account for financial resources to be used for expenditures related to fire protection within a three township district.
- Road Fund - The Road Fund is used to account for resources to be used for road development and improvement. Revenues are from both charges for services and transfer from the General Fund.
- Revolving and Improvement Fund - This fund is for funds to be set aside for future Township improvements. The Township has made annual transfers to build up this fund.
- Liquor Fund - This is a State mandated fund to fund liquor establishment inspection.

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

(4) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

(5) FINANCIAL STATEMENT AMOUNTS

Budgets

All governmental funds are under formal budgetary control. Budgets shown in the financial statements as "GAAP Basis" are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget approved and amended by the Township Board. Budgets are adopted on the departmental level and control is exercised on that level.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of five years.

All capital assets are valued historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land Improvements	20 years
Building, Structures and Improvements	39 years
Equipment	5 - 12 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes

Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Interfund Activity

All interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Vacation and Sick Leave

The Township has no liability for accumulated vacation or sick leave.

Implementation of New Accounting Principles

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments (GASB No. 34). Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operation's.

Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (e.g. streets, bridges and sidewalks).

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE B - COMMON CASH ACCOUNTS AND SHORT-TERM INVESTMENTS

Cash equity in the common bank account of the Township as utilized by the various funds is as follows:

	<u>Checking</u>	<u>Savings</u>
General	\$ 8,760	\$461,587
Road	7,077	61,063
Liquor	482	5,712
Improvement	<u>-0-</u>	<u>82,002</u>
	<u>\$ 16,319</u>	<u>\$610,364</u>

These deposits and interest payment accounts, are with local financial institutions. All accounts are in the name of the Township. Interest is recorded when deposits mature or is credited to the applicable account.

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities or guaranteed by the Government National Mortgage Association; United States government or Federal Agency obligation repurchase agreements; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal or direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature no more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in the financial institutions located in states other than Michigan.

The Township deposits are in accordance with statutory authority. The Governmental Account Standards Board (GASB) Statement Number 3 risk disclosures for the Townships cash deposit are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insurance (FDIC)	\$ 300,000
Uninsured	<u>999,373</u>
	<u>\$1,299,373</u>

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTE TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE C - CAPITAL ASSETS

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2004	Additions	Disposals	Balance at March 31, 2005
GOVERNMENTAL ACTIVITIES:				
Land	\$ 20,000	\$ -0-	\$ -0-	\$ 20,000
Total Capital Assets, Not Being Depreciated	20,000	-0-	-0-	20,000
Buildings and Improvements	247,108	-0-	-0-	247,108
Furniture and Equipment	536,049	13,984	-0-	550,033
Total Capital Assets Being Depreciated	783,157	13,984	-0-	797,141
Less Accumulated Depreciation:				
Buildings and Improvements	(146,926)	(6,175)	-0-	(153,101)
Furniture and Equipment	(251,927)	(32,817)	-0-	(284,744)
Total Accumulated Depreciation	(398,853)	(38,992)	-0-	(437,845)
Governmental Activities Capital Assets, Net	\$404,304	\$(25,008)	\$-0-	\$379,296

A depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

General and Administrative	\$ 10,579
Fire Fund	28,413
	<u>\$ 38,992</u>

NOTE D - TRANSFERS

The following transfers were made between funds:

	Transfers In		Transfers Out
Fire Fund	\$ 82,048	General Fund	\$ 82,048
Road Fund	75,000	General Fund	75,000
Revolving and Improvement Fund	20,000	General Fund	20,000
Total	<u>\$177,048</u>	Total	<u>\$177,048</u>

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE E - DEFINED CONTRIBUTION PENSION PLAN

The Benton Township/Cheboygan Country Pension Plan (the Plan) is a single employer public employee retirement system that administers the Township's defined contribution pension plan for its elected officials. The Township is the sole contributor to the Plan which covers all elected officials of the Township.

A defined contribution plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All elected officials are eligible to participate in the plan from the date they are hired. Contributions made into the plan vest immediately. Participants are eligible upon termination or retirement to withdraw accumulated contributions and interest.

The Township contributed 10% of annual compensation and the employee is required to contribute 5% of annual compensation for the year ending March 31, 2005. Employees may make voluntary non-deductible contributions to the plan up to a maximum of 10% of annual compensation. The Township has funded 100% of contribution requirements for the year ending March 31, 2005. Details of actual contribution breakdown are as follows:

Total Compensation	\$ 53,450
Eligible Compensation	53,450
Employer Contribution	5,430
Employee Contribution	3,915
Number of Employees	6

There were no plan changes or related party transactions during the year ending March 31, 2005. Contributions are allocated to 10 - year guaranteed accounts in John Hancock Life Insurance Company.

NOTE F - CONTINGENT LIABILITIES

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and nature disasters. The Township has obtained commercial insurance to handle its risk of loss.

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING MARCH 31, 2005

NOTE G - BUDGET VARIANCES

Budgets are adopted on the departmental level. The budgets shown in the section for other supplemental information are shown by line item for information only. Therefore, negative variance is significant on the departmental basis. There are no negative variances on the departmental basis.

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$133,030	\$133,030	\$132,659	\$ (371)
State Shared Revenue	150,000	150,000	203,871	53,871
Charges for Services	11,000	11,000	11,895	895
Interest and Rentals	8,500	8,500	8,778	278
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>3,915</u>	<u>3,915</u>
Total Revenues	<u>302,530</u>	<u>302,530</u>	<u>361,118</u>	<u>58,588</u>
EXPENDITURES:				
Legislative	17,400	17,400	12,863	4,537
Elections	7,400	7,400	4,303	3,097
General Services and Administration	151,425	151,676	120,907	30,769
Fire	4,500	4,500	755	3,745
Highways and Streets	1,000	1,000	839	161
Sanitation	17,200	17,200	15,607	1,593
Parks and Recreation	11,000	23,072	19,549	3,523
Other	<u>24,500</u>	<u>24,500</u>	<u>20,845</u>	<u>3,655</u>
	<u>234,425</u>	<u>246,748</u>	<u>195,668</u>	<u>51,080</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	68,105	55,782	165,450	109,668
OTHER FINANCING SOURCES (USES)				
TRANSFERS (OUT)	<u>(245,000)</u>	<u>(245,000)</u>	<u>(177,048)</u>	<u>67,952</u>
CHANGE IN FUND BALANCE	<u>(\$176,895)</u>	<u>(\$189,218)</u>	<u>(11,598)</u>	<u>\$177,620</u>
FUND BALANCE BEGINNING OF YEAR			<u>719,524</u>	
FUND BALANCE END OF YEAR			<u>\$707,926</u>	

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

LIQUOR FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State Shared Revenues	\$ 1,352	\$ 1,352	\$ 1,449	\$ -0-
Interest	<u>60</u>	<u>60</u>	<u>66</u>	<u>103</u>
Total Revenues	1,412	1,412	1,515	103
EXPENDITURES:				
Law Enforcement	<u>3,050</u>	<u>3,050</u>	<u>2,518</u>	<u>532</u>
Total Expenditures	<u>3,050</u>		<u>2,518</u>	<u>532</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>\$ (1,638)</u>	<u>\$ (1,638)</u>	(1,003)	<u>\$ 635</u>
FUND BALANCES BEGINNING OF YEAR			<u>7,198</u>	
FUND BALANCE END OF YEAR			<u>\$ 6,195</u>	

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

ROAD FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State Revenue Sharing	\$ 1,100	\$ 1,100	\$ 4,162	\$ 3,062
Charges for Services	10,000	10,000	43,998	33,998
Interest	500	500	589	89
Total Revenue	11,600	11,600	48,749	37,149
EXPENDITURES:				
Public Works	<u>204,500</u>	<u>204,500</u>	<u>114,992</u>	<u>89,508</u>
Total Expenditures	<u>204,500</u>	<u>204,500</u>	<u>114,992</u>	<u>89,508</u>
EXCESS OF REVENUES, OVER (UNDER) EXPENDITURES	(192,900)	(192,900)	(66,243)	126,657
OTHER FINANCING SOURCES				
TRANSFERS (IN)	<u>150,000</u>	<u>150,000</u>	<u>75,000</u>	<u>(75,000)</u>
CHANGE IN FUND BALANCE	<u>\$(42,900)</u>	<u>\$(42,900)</u>	8,757	<u>\$ 51,657</u>
FUND BALANCE BEGINNING OF YEAR			<u>78,251</u>	
FUND BALANCE END OF YEAR			<u>\$ 87,008</u>	

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

IMPROVEMENT FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Interest	\$ 400	\$ 400	\$ 614	\$ 214
Total Revenue	400	400	614	214
EXPENDITURES:	<u>80,400</u>	<u>80,400</u>	<u>-0-</u>	<u>80,400</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(80,000)	(80,000)	614	80,614
OTHER FINANCING SOURCES:				
Transfers In	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-0-</u>
CHANGE IN FUND BALANCE	<u>\$(60,000)</u>	<u>\$ 60,000</u>	20,614	<u>\$ 80,614</u>
FUND BALANCE BEGINNING			<u>61,388</u>	
FUND BALANCE ENDING			<u>\$ 82,002</u>	

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

FIRE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes - Aloha	\$ 36,000	\$ 36,000	\$ 39,753	\$ 3,753
Taxes - Grant	31,000	31,000	39,340	8,340
Refunds	100	100	5,000	4,900
Interest	<u>2,500</u>	<u>2,500</u>	<u>3,107</u>	<u>607</u>
Total Revenues	69,600	69,600	87,200	17,600
EXPENDITURES:				
Secretary/Treasurer	1,500	1,500	1,500	-0-
Fireman Salary	25,000	25,000	14,480	10,520
Training Officer	1,000	1,000	1,000	-0-
Fire Chief Salary	4,200	4,200	4,575	(375)
Assist. Fire Chief	4,200	4,200	4,250	(50)
Taxes - FICA/MED	2,000	2,000	1,974	26
Supplies	2,000	2,000	990	1,010
Gas and Oil	2,000	2,000	923	1,077
Professional Services	1,000	1,000	260	740
Medical	1,000	1,000	425	575
Insurance & Bonds	20,000	20,000	13,813	6,187
Utilities Alverno #1	4,000	4,000	3,069	931
Utilities Aloha #2	2,000	2,000	1,031	969
Utilities Grant #3	3,000	3,000	1,637	1,363
Utilities Benton #4	3,000	3,000	1,238	1,762
Utilities Benton #5	500	500	114	386
Repair & Maintenance	10,000	10,000	5,718	4,282
Snow/Lawn Maintenance	2,500	2,500	1,770	730
Miscellaneous Expense	2,400	2,400	700	1,700
Dues	350	350	185	165
Education & Training	2,000	2,000	720	1,280
Capital Outlay	70,000	70,000	15,815	54,185
Mileage	<u>1,000</u>	<u>1,000</u>	<u>389</u>	<u>611</u>
Total Expenditures	164,650	164,650	76,576	88,074
OTHER FINANCING SOURCES:				
Transfers In	<u>67,000</u>	<u>67,000</u>	<u>82,048</u>	<u>15,048</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>\$(28,050)</u>	<u>\$(28,050)</u>	92,672	<u>\$120,722</u>
FUND BALANCE BEGINNING			<u>333,018</u>	
FUND BALANCE ENDING			<u>\$425,690</u>	

OTHER SUPPLEMENTAL INFORMATION

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Taxes:			
Current Property Tax	\$102,030	\$ 95,947	\$ (6,083)
Swamp Tax	8,000	8,741	741
Property Tax Administration Fees	<u>23,000</u>	<u>27,971</u>	<u>4,971</u>
Total Taxes	133,030	132,659	(371)
State Shared Revenue	150,000	203,871	53,871
Charges for Services:			
Transfer Station Tickets	11,000	11,895	895
Interest and Rentals	8,500	8,778	278
Miscellaneous	<u>-0-</u>	<u>3,915</u>	<u>3,915</u>
Total Revenues	302,530	361,118	58,588
EXPENDITURES:			
Legislative:			
Township Board - Per Diem	9,100	8,450	650
Professional Services	3,000	996	2,004
Conferences/Workshops	300	-0-	300
Printing and Publishing	3,000	1,540	1,460
Dues	<u>2,000</u>	<u>1,877</u>	<u>123</u>
Total Legislative	17,400	12,863	4,537
Elections:			
Election Commission	4,000	2,225	1,775
Supplies	3,000	1,791	1,209
Printing and Publishing	200	287	(87)
Capital Outlay	<u>200</u>	<u>-0-</u>	<u>200</u>
Total Elections	7,400	4,303	3,097

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES: (Continued)			
General Services and Administration:			
Supervisor:			
Salary	\$ 13,000	\$ 13,000	\$ -0-
Supplies	100	-0-	100
Transportation	500	-0-	500
Education and Training	200	-0-	200
Capital Outlay	<u>1,000</u>	<u>-0-</u>	<u>1,000</u>
Total Supervisor	14,800	13,000	1,800
Assessor:			
Contract Services	25,251	25,250	1
Supplies	<u>2,200</u>	<u>1,202</u>	<u>998</u>
Total Assessor	27,451	26,452	999
Clerk:			
Salary	16,000	16,000	-0-
Deputy Clerk	100	-0-	100
Supplies	3,500	1,736	1,764
Transportation	200	-0-	200
Education and Training	500	-0-	500
Capital Outlay	<u>1,500</u>	<u>45</u>	<u>1,455</u>
Total Clerk	21,800	17,781	4,019
Board of Review:			
Salary	2,000	1,700	300
Supplies	500	-0-	500
Printing and Publishing	<u>200</u>	<u>312</u>	<u>(112)</u>
Total Board of Review	2,700	2,012	688
Treasurer:			
Salary	16,000	16,000	-0-
Supplies	5,000	4,002	998
Transportation	500	-0-	500
Education and Training	500	-0-	500
Capital Outlay	<u>2,000</u>	<u>-0-</u>	<u>2,000</u>
Total Treasurer	24,000	20,002	3,998

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES: (Continued)			
General Services and Administration:			
Town Hall and Community Center:			
Township Custodian #1	\$ 2,000	\$ 1,930	\$ 70
Community Center Custodian	425	425	-0-
Township Custodian #2	1,000	179	821
Township Secretary	6,500	5,472	1,028
Substitute Secretary	500	545	(45)
Snow Removal	1,000	700	300
Community Center Supplies	500	597	(97)
Township Hall Supplies	2,000	1,032	968
Community Center Maintenance and Repair	2,500	951	1,549
Hall Maintenance and Repair	4,000	641	3,359
Telephone	3,000	2,895	105
Transportation	500	275	225
Community Center Utilities	2,000	2,272	(272)
Hall Utilities	3,000	4,311	(1,311)
Capital Outlay	20,000	19,435	565
Community Center Capital Outlay	2,000	-0-	2,000
Hall Capital Outlay	<u>10,000</u>	<u>-0-</u>	<u>10,000</u>
Total Hall and Community Center	<u>60,925</u>	<u>41,660</u>	<u>19,265</u>
Total General Government	176,476	138,073	38,403
Fire:			
Fire Department:			
Building, Grounds and Hall #1	500	577	(77)
Building, Grounds and Hall #2	1,000	89	911
Building, Grounds and Hall #5	500	89	411
Capital Outlay	<u>2,500</u>	<u>-0-</u>	<u>2,500</u>
Total Fire	4,500	755	3,745
Highways and Streets:			
Street Lighting:			
Utilities	<u>1,000</u>	<u>839</u>	<u>161</u>
Total Highways and Streets	1,000	839	161

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

EXPENDITURES: (Continued)	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Sanitation:			
Attendant Wages	\$ 7,500	\$ 6,219	\$ 1,281
Supplies	200	142	58
Snow Plowing	1,000	315	685
Professional Services	8,000	8,931	(931)
Capital Outlay	500	-0-	500
Total Sanitation	17,200	15,607	1,593
Parks and Recreation:			
Supplies	8	8	-0-
Professional Services	200	2,404	(2,204)
Printing and Publishing	1,000	-0-	1,000
Miscellaneous Expense	222	221	1
Township Grounds Project	11,400	11,575	(175)
Capital Outlay	10,242	5,341	4,901
Total Parks and Recreation	23,072	19,549	3,523
Other:			
Pension	7,000	7,971	(971)
Payroll Taxes	3,000	2,153	847
Insurance and Bonds	6,500	6,480	20
Cemetery	1,000	2,040	(1,040)
Miscellaneous	2,000	2,201	(201)
Community Promotion	5,000	-0-	5,000
Total Other	24,500	20,845	3,655
TOTAL EXPENDITURES	246,748	195,668	51,080
TRANSFERS:			
To Fire Fund	75,000	82,048	(7,048)
To Revolving Fund	20,000	20,000	-0-
To Road Fund	150,000	75,000	75,000
Total Transfers	245,000	177,048	67,952

BENTON TOWNSHIP
CHEBOYGAN COUNTY, MICHIGAN

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDING MARCH 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL EXPENDITURES AND TRANSFERS	\$491,748	\$372,716	\$119,032
CHANGE IN FUND BALANCE	<u>\$(189,218)</u>	(11,598)	<u>\$177,620</u>
FUND BALANCE, BEGINNING OF YEAR		<u>719,524</u>	
FUND BALANCE, END OF YEAR		<u>\$707,926</u>	

COMPLIANCE SUPPLEMENTS

DANIEL R. NIELAND

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER
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MICHIGAN ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Supervisor and Township Board of Trustees
Benton Township
Cheboygan, Michigan 49721

I have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Benton Township of Cheboygan County, Michigan, as of and for the year ended March 31, 2005, and have issued my report thereon dated July 11, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton Township's financial statements are free of material misstatement. I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, which are described in a separate letter to management dated July 11, 2005.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Benton Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of material misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Benton Township
Page 2
July 11, 2005

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANT

Cheboygan, Michigan 49721
July 11, 2005

DANIEL R. NIELAND

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REPORT TO MANAGEMENT LETTER

To the Supervisor and Township Board
Benton Township
Cheboygan, Michigan 49721

In planning and performing my audit of the financial statements of Benton Township for the year ended March 31, 2005, I considered its internal control structure for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, I noted no matters involving the internal control structure and its operation that I consider reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Uniform Budgeting and Accounting Act (P.A. 621)

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process.

The Township adopts budgets on a departmental basis; therefore, the variance on a line item basis shown in other supplemental information does not constitute non-compliance.

This report is intended solely for the information and use of the Township's management, and others within the Township administration.

We appreciate and would like to thank the Township's staff for the cooperation and courtesy extended to us during our audit. We would be please to discuss any comments or answer any questions regarding our audit with you at your convenience.


CERTIFIED PUBLIC ACCOUNTANT

Cheboygan, Michigan 49721
July 11, 2005

DANIEL R. NIELAND

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SUPPLEMENTAL MANAGEMENT COMMUNICATION

To the Supervisor and Township Board
Benton Township
Cheboygan, Michigan 49721

I have audited the financial statements of Benton Township for the year ended March 31, 2005, and have issued my report thereon dated July 11, 2005. Professional standards require that I provide you with the following information related to my audit.

Our Responsibility Under General Accepted Auditing Standards

As I stated in my engagement letter, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected.

As part of my audit, I considered the internal control structure of the Township. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of my engagement, I will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies adopted by the Township are described in Note A of the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2004/2005. I noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. These estimates are relatively insignificant in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In my judgment, none of the adjustments I proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicate matters that could have a significant effect on the Township's financial reporting process.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Consultation With Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the government unit's financial statements or a determination of the type of auditor's opinion to be expressed on those statements, my professional standards require the consulting accountant to advise me to determine the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in the performance of my audit.

This information is intended solely for the use of the Township Board and management of Benton Township and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANT

Cheboygan, Michigan 49721
July 11, 2005